1 INTRODUCTION

CONTENTS	PAGE NO.
Estate Planning	2
Estate Planning Objectives	4
Who needs Estate Planning?	4
Financial & Non-Financial Goals of Estate Planning	5
Difference between Estate Planning and Succession Planning	6
Steps in Estate Planning	7
Aims of Estate Planning	8
Consequences of Improper Estate Planning	13
Phases of Estate Planning	18
Common Objections and Responses in Estate Planning	20
Tools Used for Estate Planning	22

LEARNING OBJECTIVE

After studying this chapter, you should be able to:

- Understand" What is Estate Planning"?
- Understand the Steps in Estate Planning
- Enumerate the Objectives of Estate Planning
- Use Estate Planning tools of Data Gathering etc.

KEY TERMS

This chapter features these terms which you should strive to do more research about:

Estate Planning	Estate Tax	Succession Planning
Will	Testament	Inter Vivos Trust Deed
Executor	Minor Beneficiary	Probate

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Introduction

The purpose of this unit is to introduce you to the basic concepts of estate planning and to acquaint you with them so that you would in a better position to serve the majority of your clients.

The traditional definition of estate planning focuses on the disposition of assets at death. In reality, it is much more than that. *Estate Planning* can be defined as a process that encompasses the accumulation, conservation, and distribution of an estate. The overall purpose of estate planning is to develop a plan that will enhance and maintain the financial security of clients and their families. It is the process of giving what estate owners have to whom they want and determining when and how the transfer should occur, while minimizing administrative costs, transfer costs, and taxes. *The ultimate goal of Estate Planning is to fulfill the estate owner's wishes as closely as possible.*

Estate Planning

Estate Planning is the process of determining what one wants to happen to his/her estate, which includes all the rights, titles, and interests that one has in the property he/she owns. When preparing a plan, an estate planner should consider the accumulation of that property, how one wants to conserve its value, and finally how one wants to distribute his/her estate after his death. Throughout this process, the planner should try to find out the best ways to effectively and efficiently accomplish these tasks, keeping both tax and non-tax objectives in mind.

Estate Planning is a systematic planning to distribute one's estate according to ones wishes in future. Systematic planning is needed when one wants to leave something to another person; the objective has to be considered together with tax, cash flow, timing and various risks such as competence to manage the estate and business succession.

The goal of every estate plan is two-fold, *increase the value of the client's estate* and *conserve existing assets*. Estate planning should also seek to provide financial security during the retirement years and to facilitate the intended and orderly disposition of property at death. As usually an individual does not know when death will occur, estate planning should begin as soon as someone has property or dependents. Although this is the ideal circumstance, estate planning concerns generally gain prominence later in the client's financial life cycle.

An individual's estate is made up of all the property he or she owns and controls at the moment of death. Because the old adage. "You can't take it with you," is a fact of life, the property a person owns at death must be disposed of. Estate Planning involves planning for that disposition, whenever it might occur.

Every estate has to be planned in one form or the other. The question is, "Who designs and drafts the plan?" With proper estate planning, the client and his or her advisors draft the plan. If no action is taken, the various regulating courts and government laws determine the plan. And that plan may not be consistent with a client's needs and goals, or in his or her best interest. With your help as an Estate Planning Professional, however, a client can preserve and protect his or her estate and have his or her wishes carried out after death. Without purposeful planning, a lifetime of work and dreams could be squandered.

Estate Tax is a tax on the inheritance paid on inheriting the estate of the deceased. Although in India there is no estate tax but in many parts of the world it is very much there. As an Estate Planner you must be aware of Estate Tax for your clients who have international assets or like to pass these assets to nationals of the countries who are residents in these countries. The '*estate tax*' has sometimes been called a voluntary tax. This is because with appropriate planning, there are many ways to defer and reduce its effects. Even with minimal planning, a will can be drawn, legal documents created, and

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

steps taken to shelter an estate from taxation. In this certification, we will highlight many techniques and ways that can help your client *lower* income, gift, and estate taxes. This type of information will enhance your credibility. It can assist you in uncovering needs and making sales that would have otherwise been unavailable to you. This knowledge makes you more valuable to your client.

One misconception people tend to have is that Estate Planning is just for the wealthy. Estate Planning is for anyone who owns property and has preferences *as to whom, how, and when that property is transferred at his or her death.* It is true that your wealthiest clients are likely to reap the largest benefits from the tax aspects of estate planning. It is also true, however, that your clients with the smallest estates are likely to enjoy the most benefit in attaining financial security for their families through estate planning.

Estate Planning should not be looked solely in terms of accumulated wealth. Instead it should be looked at each client in terms of his or her individual needs. You will see that the concepts of estate planning can be applied to a broad cross-section of people. Even in estates that will not incur estate taxes, there may be a substantial need for liquidity to meet inflated final expenses, probate costs, state death taxes, and. of course, the income needs of survivors.

There is far more to estate planning than just saving taxes and estate administration expenses. Estate planning encompasses many more issues and raises the following questions for your client to consider:

1. How do I want my property distributed?
2. What happens if I just do nothing?
3. Will there be huge bills to pay?
4. Where will the money to pay these bills come from?
5. Are there ways to reduce estate settlement costs?
6. What will happen if I become ill?
7. Who will make decisions about the type of care I receive if I become physically disabled or mentally incompetent?
8. Are there sufficient assets to support a surviving spouse?
9. Are there ways to ease the financial burdens faced by children?
10. Is it possible to help provide for the education of grandchildren?
11. How can I best make gifts to the charitable organizations I support?

For many clients, saving estate taxes is an important consideration, but it is not the overriding purpose of estate planning.

The estate planner must use good relationship skills and sensibilities along with the necessary technical expertise to achieve best results. To develop the necessary rapport with a client, the advisor must be able to deal delicately and adeptly with sensitive and deeply personal questions and issues. As a technical expert, the advisor must have a solid understanding of the tools of the field, including knowledge of property and tax laws and financial and retirement planning. It is always advised that advisors put clients in touch with their true feelings, dreams, and aspirations in order to assist them in crystallizing their estate plans. Estate planning is inherently complex because of the technicalities of law, as well as the foresight required to develop a program that suits the client's immediate and long-term needs and desires.

Estate Planning offers a unique opportunity to the financial advisor to be of real service to clients. This is an expanding market, as the financial knowledge and sophistication of citizens in India increases, especially as the baby boomers enter retirement. Boomers have been able to amass significant assets and will inherit the vast wealth of their parents. They recognize that they must take steps to ensure a comfortable retirement and protect the assets they are accumulating.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Estate Planning is an ongoing process. Clients' circumstances and objectives change, giving you the opportunity to continue the dialogue with the client and the prospective client, year after year after year.

The Estate Plan should focus on three main objectives. Those objectives are:

1. To ensure that the assets will provide the client with the necessary income and resources upon which to live,
2. To ensure that at the time of one's death, the assets go to the people and/or organizations where one intended it go,
3. To minimize the estate tax, fees, and any associated court costs.

Estate planning encompasses many components.

Life insurance amounts, policy ownership, and beneficiaries must be reviewed.

Property ownership must be examined and tailored to your plan.

Client's will or revocable living trust must be adapted or changed to meet their objectives.

Family income requirements must be matched with projected income.

The planner must consider the also consider the following: Fair treatment of heirs, passing on any business client's may own to business heirs, tax minimization, administrative and probate cost savings.

Estate planning is an ongoing process. As tax laws change and as life situations change, review of a client Estate Plan is crucial.

Who Needs An Estate Plan?

Many people feel that estate planning is for the elderly or the rich or is not something they want to discuss because it focuses on death. No one knows what the future holds and so it is important that everyone has a plan. For the young married couple with children, it is crucial to have a will that designates guardians for those children in the event both parents are killed. For the person who thinks they do not have enough money to worry about estate planning but have lots of life insurance, their death can create an estate tax problem.

It is also not necessary that Estate Planning only comes into use when one dies for example a person who is injured in an accident and suddenly is not capable of making their own medical and financial decisions, can name an individual who will make those decisions for them. The bottom line is that estate planning is inescapable i.e. important for everyone.

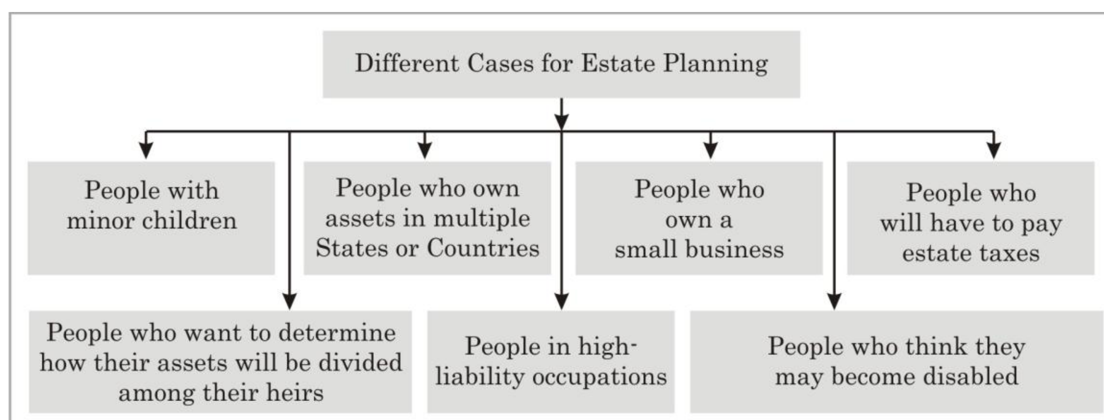

Exhibit 1.1: Different Cases for Estate Planning

People with minor children: One needs to specify who will care for the children upon the death of their parents and how one will provide for that care financially. One normally makes these provisions in their will.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

People who own assets in multiple States or Countries : Estate Planning will avoid what is called *ancillary probate*, in which an additional probate process must be completed in a state different than the one in which you resided because you owned real estate in that second state. Ancillary probate can be very costly and can reduce the value of the estate.

People who own a small business: One *should* determine what must be done with his/her interest in the business that is currently being run whether it is to be passed on to their heirs or sold. If it is to be sold, one must be certain that his/her interest in the estate will be marketable at the time of his death.

People who will have to pay estate taxes: If the estate of the client is large enough that taxes will need to be paid upon his/her death, then the advisor must make plan for that payment. It has to make sure one has enough liquid assets to avoid the forced sale of estate assets. Often this is done with life-insurance planning.

People who want to determine how their assets will be divided among their heirs: If the client doesn't specify how he wants to divide his assets, the regulating authorities will do so as part of probate.

People in high-liability occupations: If you're in an occupation that has a high risk of being sued or facing claims from creditors, estate planning will help protect the assets. Doctors are a prime candidate for this type of planning.

People who think they may become disabled: One needs to appoint a surrogate decision maker as part of his estate planning. The surrogate for the client will be able to make medical and financial decisions for him. The advisor may also need to plan for possible Medicaid eligibility as part of the estate-planning process

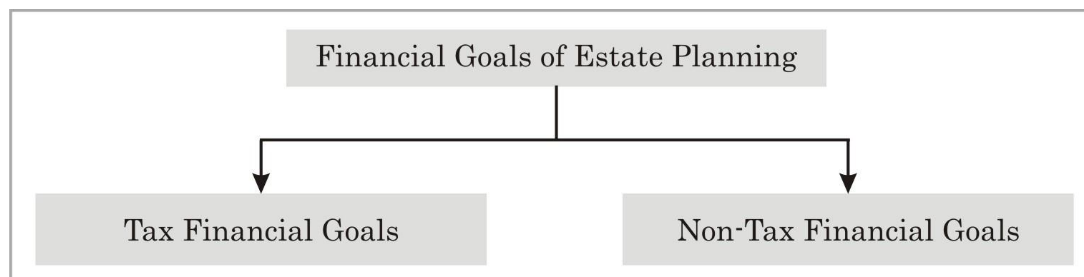

Exhibit 1.2: Financial Goals of Estate Planning

There are two areas of financial goals: Non-tax financial goals and Tax-related financial goals. We will highlight the non-tax goals, which will involve issues such as preserving the client's business value, maximizing client's estate's financial flexibility, maximizing benefits to the surviving spouse, minimizing non-tax transfer costs, and maintaining adequate liquidity.

On the other hand the tax-related financial goals will focus on how to mitigate the estate's tax bite, including:

Preserving the business's value: Inadequate planning can lead to shrinking the value of the business at the time of death. The value can be maintained by using buy-sell agreements among the owners that lay out the distribution of the business upon one of the owner's deaths. Usually these agreements are funded with life insurance policies.

Maximizing the flexibility of the estate: The key to keeping an estate's flexibility is to make it as easy as possible for client's heirs to access hi/her liquid assets after his death by using certain types of trusts, POD (payable on death) designations for bank accounts, and TOD (transfer on death) designations for brokerage accounts.

Maximizing benefits for surviving spouse: The best way to be sure the client's spouse won't be loaded with a lot of taxes upon his/her death is to place the spouse's estate in a trust that gives the surviving spouse access to both the income and principal of the trust.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Minimizing non-tax transfer costs: The ways of paying as little in fees and costs as possible in the estate planning includes will substitutes, such as taking a title to property with joint tenancy with right of survivorship. This will allow one to avoid the costs of setting up a trust.

Maintaining adequate liquidity: *The estate plan* must provide for enough cash and cash-equivalents to cover all the immediate non-tax and tax costs of settling the estate. Cash equivalents can include money market accounts, and other investments that can be easily converted to cash. Cash requirements after the death are most commonly met with life insurance policies when you put together your estate plan.

Non-Financial Goals of Estate Planning

The non-financial goals focus on several issues as meeting the needs of dependents, properly distributing assets, and controlling the assets after the death of the client. When considering the needs of dependents, the amount of planning will depend on the degree of support the dependent will need. For example, a minor child who can be expected to attain full capabilities when she or he attains adult age will need less planning than a disabled child who will need planning for the basics of life. It is advisable to specify who will be responsible for a disabled child's clothing, food, and medical care.

Proper distribution of assets involves more than just deciding who gets what. The advisor must decide the most efficient way to transfer the assets, so the transfer can be done as quickly and orderly as possible.

Another key non-financial goal is control. With a properly drawn will, one can be certain his assets will go to the people he intends to get them.

Tax Goals of Estate Planning:

These goals will depend on the type of tax involved. Tax goals are grouped into two compartments, one for income taxes and the second for transfer taxes, which include gift, estate, and generation-skipping taxes. Tax goals related to income tax involve minimizing taxes through shifting the receipt of income, shifting the taxation of income, and deferring the recognition of income and gain. Tax goals related to the various transfer taxes involve freezing or reducing the value of assets subject to tax; using exclusions, exemptions, deductions, and credits; and delaying the payment of taxes

Is an estate plan the same as a succession plan?

No because an estate plan includes all of your business and personal assets. A succession plan involves only your business assets. An estate plan is triggered by your death, while a succession plan may take effect during your lifetime or at the time of your death.

As a business owner, you need either an exit strategy or a succession plan to provide for the transfer of your business interests to help ensure the future success of your business.

Your succession plan may outline the sale or voluntary transfer of your business interest to your successor while you're alive or it may provide forth disposition of your business interest on your death in either case, your succession plan should include:

- A financial plan to make sure you and your spouse have the retirement lifestyle you want
- A management transition plan for your business
- An ownership transition plan for your business
- A contingency plan in case you're unexpectedly unable to run your business before the planned management and ownership transition occurs

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

You need an estate plan whether or not you have a succession plan. The graph on the following page shows the growth of a business that is established when its owner is 35 years old and is transferred to his daughter when he is 65 years old. The graph shows that, although the owner always has an estate plan, he only has a succession plan during part of the business cycle.

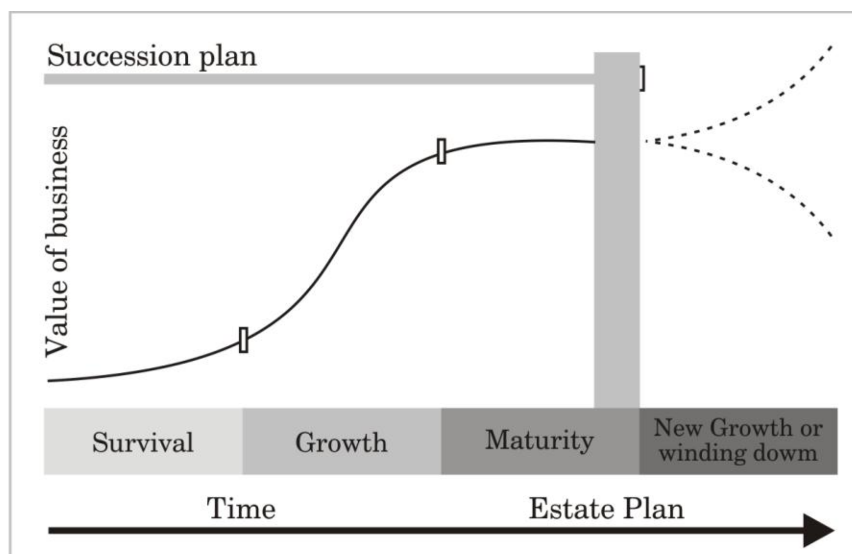

Exhibit 1.3: Stages of Business Succession Planning

Steps in Estate Planning

Estate Planning involves the estate planner entering into a strategic exercise, comprising the following steps:

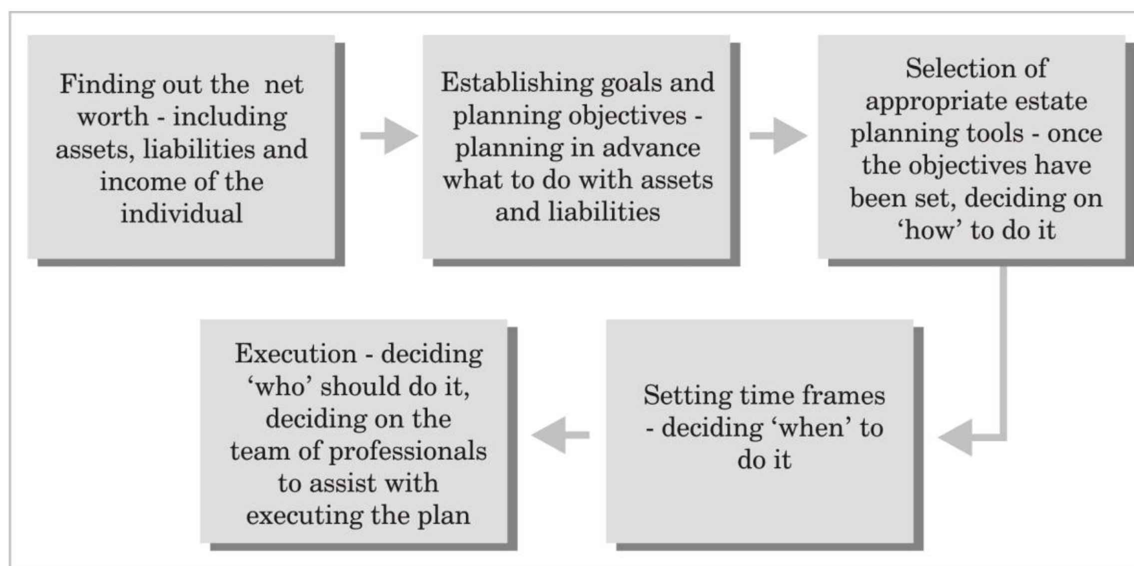

Exhibit 1.4: Steps Involved in Estate Planning Parties Involved

- The estate planner should work together with an estate planning team, which usually comprises a set of professionals, including an accountant, attorney, and financial adviser.
- The professional team should assist the estate planner with developing and reviewing his estate goals, providing direction on various strategies and tactics, performing cost-benefit analyses, providing advice on the tax implications of various strategies and tactics, and most importantly liaising with other professionals on the estate planning team.
- The attorney may assist with drawing up legal documents such as the Last Will and Testament and an inter vivos trust deed. The financial adviser may assist with

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

ensuring the estate is liquid, and the accountant may typically assist with tax planning. Family members, more specifically, a spouse should also form part of the team, especially where more complex plans are contemplated.

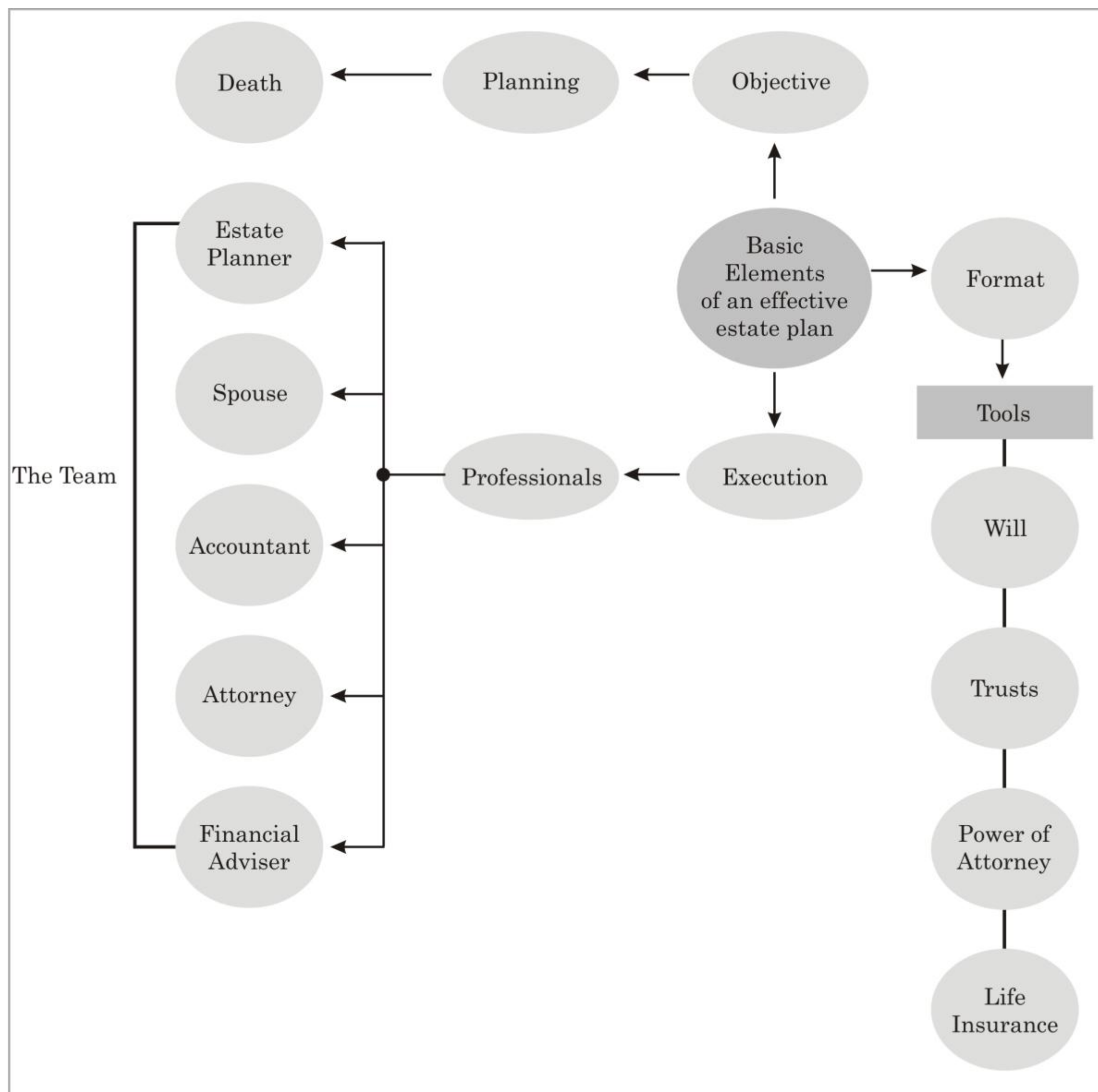

Exhibit 1.5: Strategy of Estate Planning for Death

Aims of Estate Planning

The main aim for the estate planner, working together with his estate planning team, is to ensure that as much of the client's accumulated wealth is utilised for client's own benefit and for the maximum utilisation of his dependents on his death.

Some of the goals of Estate Planning can be summarised as follows:

- **To achieve efficiency in deceased estate administration**
  - To ensure that the winding up of an estate takes place as efficiently and effectively as possible.
  - To appoint heirs or legatees of choice and distribute assets as the estate planner wishes
  - Where there is no Last Will and Testament, the estate will be dealt within accordance with the law of intestate succession. The estate planner's assets may accordingly be dealt with in a manner that was not in accordance with his intentions. A Last Will and Testament will indicate the estate planner's wishes, and ensure that his assets are transferred to heirs of his choice.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

- **To provide liquidity**

  Ongoing planning for the liquidity needs of an estate is an essential element of estate planning. Should an estate not be liquid at death, the deceased's family members and dependents may suffer hardship, as they may have to provide the cash themselves or agree to the sale of an asset to generate the cash needed.

  Planning for liquidity means ensuring, inter alia, that there are sufficient cash funds available in an estate to:

  - Pay estate duty
  - Settle liabilities and administration costs
  - Provide for other taxation liabilities that may arise at death, such as capital gains tax

  Until the Court issues Letters of Executorship, authorising the executor to act on behalf of the estate, the estate is frozen. The estate planner needs to build this contingency into his plan, to ensure that family members have cash funds immediately available. See Annexure A below to complete a quick estimate of liquidity.

Annexure A: Quick estimate of an Estate's liquidity

	Claims in favor of the estate (turned into cash)	
	Description	**Est. value Rs.**
Cash		
Savings		
Cheque		
Money market accounts		
Other		
Investments		
Quoted shares / unit trusts to be turned to cash		
Life insurance payable to estate		
Life insurance to cover mortgage bond		
Life insurance to cover estate duty liability		
Retirement annuity lump sum payable to estate		
Bequest prices payable by heirs		
Other assets to be reduced to cash per estate planner's wishes		
	Total A	

	Cash bequests	
	Description	**Est. value Rs.**
Cash bequests made in Will		
Name of legatee		
Name of legatee		
	Total B	( )

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

	Claims against the estate	
	Description	**Est. value Rs.**
Debts payable by estate planner		
Credit card		
Daily accounts		
Medical / Hospital Accounts		
Mortgage bond balance outstanding		
(if not covered by life insurance)		
Motor vehicle finance settlement		
Taxation liability		
Loans to be repaid		
Other		
	Total C	( )

	Administration Expenses	
	Description	**Est. value Rs.**
Executor's fees		
Master's fees		
Funeral expenses		
Estate duty		
Capital gains tax		
	Total D	( )

Total A – (Total B + Total C + Total D)	

Notes: Bequest prices need to be carefully drafted in the last will and testament, however can be used to cover liabilities such as motor vehicle finance agreements and mortgage bond liabilities.

- **To provide for dependants and protect minor beneficiaries**
  - To ensure that dependants are adequately provided for during an estate planner's lifetime, and after his death.
  - To provide protections for minor beneficiaries, including custody and /or guardianship, and to prevent any bequests to a minor being held by the Guardian's Fund until he or she reaches majority.
- **To minimise the impact of taxation on an estate**
  - Suitable planning could help minimise the impact of tax on an estate including estate duty, income tax, capital gains tax, value-added tax and transfer duty.
- **To provide for future growth of assets outside the estate planner's estate**
- **To provide for business interests (where applicable)**
  - An estate planner's business interests may impact on his personal affairs, and indeed his estate.
- **To provide for an estate planner's own set of unique circumstances**
  - An estate planner may have been involved in more than one marriage or relationship, or have obligations to various children, perhaps from different marriages. Each set of circumstances will need careful planning.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

- **To take account of offshore assets (where applicable)**
  - An estate planner may hold assets offshore. When embarking on the process of planning his estate, the estate planner needs to take account of his global estate.
- **To decide whether to execute a living Will**
  - The living Will is an advance directive, devised to stand as a declaration of non-consent to artificial life-support in the event of the patient being unable to communicate in the event of incapacity.
- **To minimize costs**
  - To ensure that the costs do not outweigh the benefits when implementing the estate plan.
  - The estate planner, together with the estate planning team should carry out an exercise of weighing the costs against the benefits of implementing the proposed plan, taking into account professional fees, transfer duty, securities transfer tax, estate duty and capital gains tax implications.
- **To ensure that the plan is both practical, legal and efficient**
  - An estate planner needs to align his goals with the practicalities of implementing strategies to achieve those goals.
  - In theory, what might seem to be an effective strategy may in reality be practically inconvenient and inefficient to the estate planner and his spouse during their lifetime. They may both need easy access to income and capital resources during their lifetimes.
  - Using estate planning tools solely with the main aim of paying less income tax is problematic. Planning should not be done in such a way that taxation savings are part of the solution, but not the sole solution.
- **Provide for built in flexibility**
  - Any changes and amendments to the plan should be able to be implemented at minimal cost and inconvenience to the estate planner.

As a starting point in the process, the estate planner should:

- Determine an estimate of his net worth (assets less liabilities). You can use Annexure B below to create an estimate of net worth.
- List his goals and planning objectives, based on his personal needs, financial circumstances, lifestyle and practical efficiencies.

Annexure B: Estimate of Assets and Liabilities of Estate Planner (Net Worth)

	Assets			
	Description of property	**Registered owner joint ownership**	**% of shared property you own**	**Market value Rs.**
Liquid assets				
Cash				
Savings				
Cheque				
Money Market Accounts				
Movable property				
Motor vehicle(s)				
Jewelry				
Coins				
Artwork				
Tools				

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

	Assets			
	Description of property	**Registered owner joint ownership**	**% of shared property you own**	**Market value Rs.**
Other collectables				
Personal goods				
Household goods				
Business interests				
Shareholding(s)				
Partnership interest(s)				
Intellectual property rights				
Goodwill				
Loan account(s)				
Investments				
Quoted shares				
Unit trusts				
Government stock				
Other				
Insurance policies				
Life insurance payable to estate				
Retirement Annuity payable to estate				
Immovable property				
Residential property				
Holiday home(s)				
Agricultural land				
Foreign assets				
Fixed Property				
Investments				
		Gross asset value		

	Liabilities			
	Description of liability	**Person liable Joint liability**	**% of shared liability**	**Market value Rs.**
Accounts				
Credit card				
Daily accounts (estimated total)				
Mortgage bond				
Motor vehicle finance				
Loans				
Estimated tax liability				
Other				
		Gross Liabilities		( )

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

*It is also advisable to prepare a schedule of long term insurance policies, including death values, where beneficiaries are named on the policy (if applicable).

An estate planner's net worth calculation assist with:

- Getting a snapshot on what he is worth financially
- Seeing how vulnerable he might be to shifts in his circumstances
- Guarding against the effects of tragedy by letting him review how much income will be available to support his family, including insurance proceeds from policies
- Understanding how risk tolerant and comfortable he is with handing his debt
- Reflecting on his lifestyle and what is important to him

Obstacles to Effective Estate Planning

Estate Planning Process: The E*state Planning Process* is a systematic approach to identify estate problems and find workable and practical solutions. The following discussion is an overview of the common problems that estate planning should address. Some of the more typical obstacles to estate planning are as follows:

- Failure to create an estate plan
- Inadequate survivor income and asset transfer
- An outdated plan
- Overlooked provisions
- Improper tax planning
- Improper ownership of assets
- Failure to plan for disability or last illness
- Failure to consider inflation
- Lack of liquidity
- Psychological impediments

Failure to Create an Estate Plan Leads to:

- **Intestate Succession Statutes**

Most people do not realize that if they have not created an estate plan and executed the appropriate documents to implement their plan, the country in which they reside has created a plan and imposed it on them. Each country has drafted its own statutes for the disposition of its citizens' property at death in the event that the resident dies without a valid Will or has not made a complete disposition of property. Such laws are called *intestate succession statutes or laws of descent and distribution.*

These laws for the distribution of property upon death are based on family and blood relationship to the decedent, instead of the deceased person's intentions and desires. For example, an individual may not leave property to a charity or friend without a Will. The laws take no account of any special circumstances within families or special relationships with nonfamily members.

- **Will**

The most basic legal instrument of all estate plans is a *Will.* Through a Will, a person makes disposition of his or her property after death. One of the first steps in estate planning is the preparation of a Will. Once a valid Will has been executed, it largely replaces the intestate succession statutes. All countries have laws that protect a portion of a decedent's property for a surviving spouse and children so that they do not become a burden to the state.

Inadequate Survivor Income and Asset Transfer

- ***Providing for a Surviving Spouse***

Family relationships have altered significantly in the last five decades. The definition of traditional family—a wage-earning husband, stay-at-home wife, and two or three children—has changed by leaps and bounds. Today, the family unit is more than likely to

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

have two working adults. Nontraditional living arrangements are increasing in number: single parents, blended families, same-sex partners, and so on have become increasingly common and present a new set of issues for estate planners.

This can have 3 kinds of implications for estate planning purposes.

One, many of the older prospects you meet may be part of the tradition of a previous generation, where the husband was the breadwinner. There may be only one pension, for example, and most assets may be titled in the husband's name. Inadequate planning may threaten the economic security of the dependent spouse.

Two, for younger couples, there is a greater chance that both spouses will have started establishing some financial security. Each partner may have retirement benefits from his or her own employment. Still, when one partner dies, there will usually be a reduction in income for the survivor. Social Security or pension benefits may also be reduced, and there must be adequate planning to compensate for the shortfall.

Three, nontraditional couples have a new set of planning concerns and will bring a wide variety of planning needs to the financial advisor.

- ***Providing for Children***

The second major concern after providing for the surviving spouse is planning and providing for children. For small estates, the normal course of action is for all property to pass to the surviving spouse with distribution to children at the second death. For larger estates, planning for the ultimate distribution to children often begins while both the husband and wife are still living.

In most cases, there is an unlimited amount of property that can be transferred to a spouse free of estate taxes. However, transferring all property to a surviving spouse may eliminate a critical opportunity to save estate taxes. Because each partner in a marriage has access to an estate and gift tax credit—called the applicable credit amount—it makes sense to design their estate plan to make use of the gift and estate tax credit for both husband and wife.

The most common approach is to distribute the applicable credit amount to the children at the first spouse's death, transferring the balance of the estate to the surviving spouse under the unlimited marital deduction, often through a trust arrangement. This strategy reduces the amount of the survivor's estate, thereby reducing the estate tax obligation. The failure to do this wastes the applicable credit at the first death.

This planning technique entails that parents consider how they want assets distributed to their children. For example the distribution take place at the time of the first death, or it can be deferred using a trust until the second death. There is a tendency for parents to treat their children equally in the distribution, but this is not always the case. This is one area in which the advisor must listen carefully and help clients decide what they want to do.

In considering the distribution of their estates, business owners often face special challenges regarding children. Normally in a family-owned business one or more—but not all—of the children are involved in the business. This may present the business owner with some difficult decisions in estate planning. If the majority of the estate is the business interest, then the question comes as to how should it be divided among the children. If it is left to the child or children involved in the business, other children may receive something less than an equal share of the estate. On the other hand, if the business interest is divided equally, the child/children involved in the business may no longer have control of its operation.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Situations like this suggest at least two solutions, both involving life insurance. The first is to have the parent and the child/children involved in the business execute a buy-sell agreement funded with life insurance. At the parent's death, the insurance proceeds are used to purchase the business interest from the estate, leaving the child/children in control of the business and the estate with cash to divide among all the heirs in the manner prescribed. A second option is for the parent to purchase life insurance on his or her own life to equalize the estate. Note that the purchase of life insurance, if not handled correctly, will increase the value of the estate, creating or increasing the estate tax liability.

Example: If a business is valued at Rs. 50,00,000 and the parent-business owner has two children—one of whom is involved in the business and the other who is not—the parent-business owner can purchase a life insurance policy for Rs 50,00,000. He or she can Will the business interest at his or her death to the child involved in the business, and the cash from the life insurance policy can go to the other child.

From a planning point of view, the distribution of a business interest can be difficult. Although many business owners dream of the day their children will take over the business, making that dream a reality depends on drafting a viable plan. Points to consider include the following:

- Is the child (or children) interested in and capable of managing the business?
- Will the business succeed without the involvement of the parent?
- If the business passes to a child, will there be enough income to support a surviving spouse?

Children of Multiple Marriages: The rates of divorce and remarriage are high these days, so it is not uncommon to find families with children from different marriages. This can present some sensitive problems when it comes to planning an estate.

Consider the problem of a parent with children from two different marriages. Will all children be treated equally? If everything passes to the second spouse, will he or she distribute the assets to all the children or only to his or her natural children? For couples faced with these kinds of decisions, specific planning may be needed. A common solution is to use trusts to provide for the surviving spouse while leaving the corpus (assets) in trust for the named beneficiaries of the deceased.

Transfers to Grandchildren: Some people may want to leave assets to their grandchildren rather than to their children. If this is the case, then special care must be taken if those transfers trigger the generation-skipping transfer tax. This does not mean that the transfer cannot be made. The main goal of the adviser is to help your clients understand the problems associated with their goals and then to assist them in finding ways to solve those problems.

An Outdated Plan

Although a valid Will is a good beginning point for an estate plan, the Will must be reviewed periodically to assure that a property owner's most recent intentions are honored at death. The birth of new children or grandchildren, the unexpected illness or disability of family members, and changes in the estate owner's objectives are typical reasons to revise an estate plan, Will, or trust. Major tax law changes may affect the goals of an existing plan or the tax clauses contained in a Will or trust. The needs and requirements of the beneficiaries may be perceived differently over time by the owner. In addition, the estate owner's financial situation may change. Finally, guardianship for minor children or arrangements for special needs beneficiaries may also need to be altered.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Overlooked Provisions

Estate owners with minor children or family members with special needs should be sure to address the issue of guardianship. Frequently, a guardian is named for the minor's personal care while another (or others) supervises and invests the minor's property. Usually, guardians are named in the Wills of parents and individuals who have the responsibility for other family members.

Clearly, arrangements should be discussed with potential guardians prior to naming them in the Will. The possibility of simultaneous deaths should also be considered in an estate plan. An owner should devise backup asset arrangements in case spouses and/or beneficiaries die in a common disaster.

A residuary (pour-over) clause is an important will provision that may be omitted. It provides for the disposal of remaining estate assets after payment of all debts and bequests. Even though the estate owner believes all property is provided for and arranged to pass according to his or her wishes, a residuary clause provides for the transfer of unexpected, unknown or forgotten assets as well as assets acquired in the future.

Tax apportionment and allocation of estate administration and settlement costs are sometimes neglected in an estate plan. Advisors should make certain that clients carefully consider tax payment options and the sources from which tax payments and other estate expenses are to be made.

Furthermore, an estate owner should have provisions in place for contingent beneficiaries in case the primary beneficiaries are no longer living or legally competent at the time of the owner's death or incapacity, or in case the primary beneficiaries disclaim assets passing to them.

Improper Tax Planning

It is a fact that only by utilizing the tax laws to maximum advantage through professional advice the property owners can carry out their post death intentions and prevent the unnecessary erosion of their estates due to taxes and expenses. For example, the unlimited marital deduction allows an individual to pass an entire estate to a spouse free of gift and estate taxes. In reality, however, use of the unlimited marital deduction may be enormously expensive at the death of the second spouse, because property will pass unprotected by the marital deduction (assuming the surviving spouse does not remarry). Thus, the combined taxes on two estates may be greater than if the unlimited marital deduction had not been used in the estate of the first spouse to die. In other words it can be stated that the need for estate planning does not depend, and has never depended, solely on whether there is a estate tax payable on the decedent's estate.

Although there are important tax planning options that can be used in estate planning, tax relief should not be assumed to be the primary objective of estate planning. The best estate plan is one that accurately reflects the client's wishes, needs, and objectives in a manner that reduces the potential tax liability to the lowest level consistent with the client's wishes. This means that various tax options must be balanced against rigidity, loss of control over assets, tax liability, family considerations, and so on. In addition to this the tax options must also be explained to clients so they can understand both the limitations and the benefits of these options and can therefore choose those that meet their desires and intentions. An estate plan that reduces the estate tax liability to zero but distorts the client's wishes is a poor plan.

Improper Ownership of Assets

Life insurance is a prime example of an asset that is frequently improperly owned or positioned. If the insured retains any incidents of ownership in life insurance, the proceeds are subject to estate taxation. This unnecessary estate tax drain can be

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

eliminated and more net rupees can be made available to the estate or its beneficiaries by removing all incidents of ownership from the insured and giving them to a spouse or trust.

Another form of property ownership that can be problematic in estate planning is joint ownership with right of survivorship. This includes ownership as joint tenants with right of survivorship (ownership by the deceased and any other person, including the surviving spouse) or as tenants by the entireties (a form of joint ownership restricted to married couples). The provisions in a valid will do not control the post death succession of property that is owned in either of these forms. Ownership is transferred automatically by operation of law to the surviving joint tenant or tenant by the entireties. If all or most property is owned in this form, it can result in an improperly balanced estate in which the surviving spouse may inherit too much of the property relative to the children, possibly triggering an excessive estate tax liability at the second death.

Failure to Plan for Disability or Prolonged Illness

The cost of a protracted period of disability or a prolonged last illness may so erode an otherwise adequate estate that the estate owner leaves nothing to the beneficiaries at death except a crushing amount of debt. The ownership of adequate medical expense, disability income, and long-term care insurance is an important consideration in planning any estate. In particular, clients often ignore, or misunderstand, disability income protection, despite the fact that statistically there is a greater likelihood of a significant period of disability before retirement age than there is of an early death.

Failure to Consider Inflation

The presence of persistence inflation warrants for periodic reviews of existing estate plans to keep a note of projected estate tax liabilities. It is also necessary to review asset valuations, anticipated income from assets held, and amounts of life insurance in terms of constant rupees to assure that the estate owner's family will continue to be adequately protected. An inflated economic climate will have a direct impact on all estates as the value of the rupee erodes. The failure to take inflation into consideration when estimating the adequacy of an estate in 10, 20, or 30 years into the future will probably make it impossible to carry out the desires of estate owners.

Lack of Liquidity

There are three factors that are particularly important in assessing liquidity needs in estate planning which are as follows:

1. The amount and terms of debt of the estate owner,
2. The projected estate tax liability, and
3. The type of assets that make up the estate.

At the time of an estate owner's death, the amount and terms of debt for which a decedent is personally responsible may dramatically reduce either the actual assets or the net income stream that would be available to survivors. The same is true of the estate tax liability.

Example: When a closely held business is the primary estate asset and the source of income to the decedent and his or her family through the decedent's salary and bonuses, there is frequently a family cash shortage when salary and bonuses cease. This results in financial stress to a family that is trying to deal with a family member's death. It is critical to consider the possibility of such a situation prior to its occurrence. Both the estate owner and the family must make appropriate decisions to avoid these problems.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Salary continuation plans are one way to soften the financial shock of a business owner's death; additional liquidity may be available from retirement plans and life insurance proceeds. If the business is to be sold during the lifetime of the owner, it is imperative that a buy-sell agreement be put in place. If no such advance planning is done, the estate may be forced to sell assets hurriedly to pay its bills or taxes, and these assets may have to be sold under disadvantageous market conditions at greatly reduced prices.

Psychological Impediments

Dealing with One's Own Mortality: Many people avoid making an estate plan because it means planning for the transfer of assets after their death. It is just as if they believe that by failing to participate in estate planning, they can avoid confronting the fact that death will happen to them. They just continue their denial of death.

The implementation of an estate plan requires an individual to acknowledge the reality of his or her mortality. There are very few people who can deal comfortably with this. There are many sophisticated and successful professionals who are quite at ease in the high-pressure atmosphere of finance and international business but are so reluctant to acknowledge the inevitability of death that they never implement a comprehensive estate plan. Under such kind of scenario the members of the estate owner's family are the ones who suffer the most. Their standard of living is impaired at the decedent's death, or they are forced to impose some semblance of order on an estate that is in disarray.

Procrastination: Although procrastination may indicate that clients are unable to confront their own mortality, a more common reason for this delay is the feeling that planning for the distribution of an estate is an arduous task which is almost impossible to achieve. The client can become overwhelmed and therefore simply do nothing. Under these circumstances, the advisor may shoulder a significant part of the responsibility to complete the estate plan and divide portions of the plan that the client must handle into manageable parts.

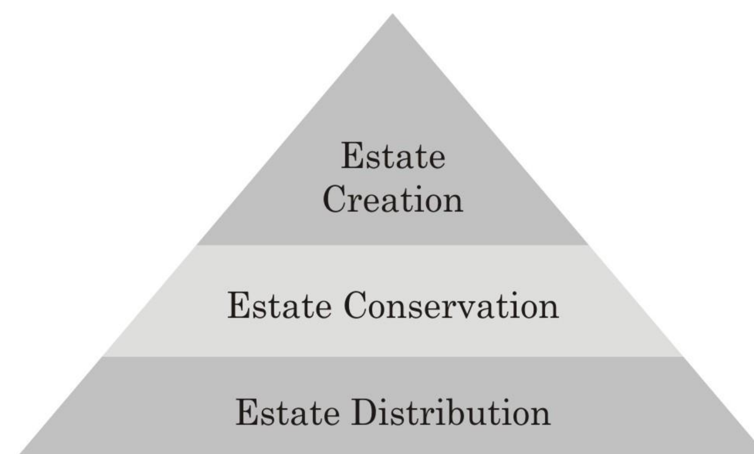

Exhibit 1.6: Various Phases of Estate Planning

There are three distinct phases of estate planning. Phase one is Estate Creation or Accumulation. Phase two, Estate Conservation, begins once assets are accumulated and considers how best to conserve and increase these assets. Phase three is Estate Distribution to heirs and beneficiaries.

Phase 1: Estate Creation

Each of your clients probably has an estate that can be enhanced and optimized with adequate planning. Estate planning begins with evaluating methods of asset accumulation. The advisor's role is to assist the client in devising strategies to accumulate an estate and determining risk management techniques to protect it. One important

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

aspect of risk management is to ensure that the proper amount of life insurance is in place to create an estate if the client does not live to create it himself or herself.

In determining the amount of life insurance a person should consider the traditional human life value. The concept simply discounts future earnings based on current income. The result is a declining value that supports a need for decreasing term insurance or at some point in the future, indicates when accumulated wealth can replace the need for life insurance. But the dynamics of real life do not support this view. The individual can anticipate changes in salary (generally upward), inflation, and lifestyle, because of which the traditional concept becomes too simplistic.

Clients need to take a realistic look at their economic worth. Although every person's circumstances differ, many professional and business people will have a human life value, as well as an actual net worth, in excess of $1 million, or they will accumulate that wealth over time.

Many people assume they do not have an estate tax problem. They may be reluctant to consider estate planning because they feel their estates are not large enough to warrant it. But they may need a larger estate to take care of their family's education and income needs in the event of their death. The recognition this need and planning appropriately to meet it will cause the value of their estates to increase. In addition, even modest inflation may cause an estate's value to grow rapidly.

Example: A new home that was purchased for Rs 90,000 in the early 1980s may now have a value of Rs 2,00,00,000 or more. The part of the growth was during a period of high inflation. Real estate values are increasing at a rate faster than the general inflation rate. Estate owners need to be aware of the impact that an increase in their home's value will have on the size of their estate.

The main point is that even individuals with ordinary estates need planning during the accumulation phase to help them create estates and avoid future problems when their ordinary estates become large estates.

Phase 2: Estate Conservation

Once an estate owner has created, accumulated, or inherited a fair-sized estate, the emphasis moves to estate conservation. There is no clear point, however, at which the transition from the accumulation phase to the conservation phase should begin. Moreover, the client should take steps throughout his or her life to facilitate estate conservation and accomplish estate planning objectives such as titling property appropriately and reviewing and updating Wills and other legal documents periodically.

Generally, estate conservation has three major objectives:

- To minimize taxes and other transfer costs in order to maximize the estate that heirs will inherit
- To provide adequate liquidity to avoid the forced sale of estate assets
- To pass on to heirs income-producing property to replace, to the greatest extent possible, the earned income of the bread winner.

Note that these objectives are secondary to and must be developed within the context of the client's personal estate planning objectives. In addition estate conservation is just as important in the smaller estate as in the larger one. In fact, the smaller the estate, the greater the need for conservation, particularly if a dependent spouse or children are involved.

Be aware that the role of life insurance in this phase of estate planning shifts from buying time and creating capital, to providing the funds to pay estate clearance costs and to deal with other practical considerations. In fact, people who have accumulated sizable estates will often need substantially more life insurance to preserve those estates than they had purchased during the creation phase.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Phase 3: Estate Distribution

The third phase of estate planning is estate distribution. The fundamental goal is to distribute the decedent's property in a manner consistent with his or her final wishes, ideally in the most cost-effective and orderly way. Even more important than minimizing settlement costs, this phase enables the client to accomplish his or her personal estate planning objectives.

There are a variety of costs associated with death and the distribution process. These costs include the following:

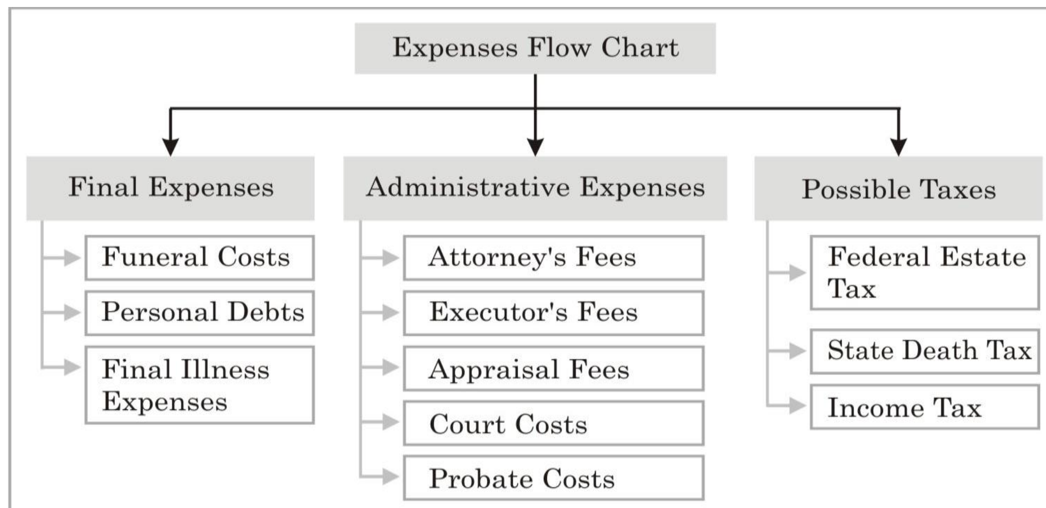

Exhibit 1.7: Various types of Expenses Involved in doing Estate Planning

Three Common Objections and Responses in Estate Planning

Objection: The law permits me to leave everything tax free to my family. I have no need for estate planning.

Response: If you are a US Citizen, are you aware that there may be a substantial tax due at the subsequent death of your spouse that may consume up to 52 percent of your estate before it ever reaches your children? The impact of even moderate inflation on your estate may surprise you.

Objection: All I have is a mountain of debts. There's simply nothing to leave.

Response: Who will pay these debts after you die? Will your family be able to stay in their house? Will your children be able to complete school?

Objection: I have a Will. That's all I need

Response: How long has it been since your Will was reviewed? Are you taking advantage of the most up-to-date planning techniques, like a living Will, health care power of attorney or living trust?

Some key events which should ring a bell for an Estate Planner to revise his estate plan:

- Review Estate Planning documents, such as the existing Will and Testament.
- In addition, review beneficiary nominations on any policies, retirement annuities, and Trust deed provisions (all subject to the divorce order).
- Sale or donation of assets specifically mentioned in the Will and Testament or Inter-Vivos trust – amend the Will or Trust deed accordingly without the asset, the bequest falls away

Review and update the past plan

- Birth of a child or grandchildren: If children are minors the Estate Planner needs to ensure that the assets they inherit are protected through his Will.
- Estate Planner acquires significant property

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

- The Estate Planner needs to review structures to protect and secure the assets for future generations and reduce taxes wherever applicable.

- Downturn in client's financial position
  - Where there is a downturn in a client's financial position and many assets have been sold and there is little liquidity – the Will and Testament needs to be reviewed. A legatee will receive his bequest before any heir (who inherits the residue, of which there may be very little left). This may not be what the testator intended.
- New business ownership: Provide for Business Succession Planning in the partnership, shareholders or association agreement(s).
- Change in legislation having an impact on the estate plan
  - For example annual budget speech announcements.

The Estate Planner must decide whether it is practical and viable to merely amend current documents or create entirely new documents to account for any changes.

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

TOOLS OF ESTATE PLANNING

Estate Planning Checklist and Data Gathering Form

PERSONAL AND FAMILY INFORMATION

1. Full Legal Name ____
2. Aadhar No. ____________________ Birth Date: __________
3. Home Address ____
   ____
4. Home Telephone No. ____
5. Business Address ____
   ____
6. Business ____
   Telephone No.
7. Any Existing Will? YES ___ NO ___
   (If Yes, please forward a copy (not the original))
8. Have you created any trusts? YES ___ NO ___
   (If Yes, please forward a copy)
9. Are you the beneficiary of any trust? YES ___ NO ___
   (If Yes, please forward a copy)
   If married, please complete Nos. 10-16 for spouse.
10. Spouse's Legal Name ____
11. Social Security No. ________________________ Birth Date: __________
12. Home Address and Telephone Number if different from 3 and 4
    Above
    ____
    ____
13. Business Address
    ____
    Telephone #______
14. Any existing Will? YES ___ NO ___
    (If Yes, please forward a copy)
15. Have you created any trusts? YES ___ NO ___
    (If Yes, please forward a copy)
16. Are you the beneficiary of a trust? YES ___ NO ___
    (If Yes, please forward a copy)
17. Date and place of present marriage ________________________________
    ____

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

18. Any existing Premarital Agreements? YES ___ NO ___

    (If Yes, please forward a copy)

19. If any prior marriages, list dates, when terminated, and any continuing support obligations.

    ____

    ____

20. List children of present marriage:

    LEGAL NAME : ______________________________

    BIRTH DATE : ______________________________

    SEX : ______________________________

    MARITAL STATUS : ______________________________

21. List children of any prior marriage:

    ____

    ____

    ____

    LEGAL NAME : ______________________________

    BIRTH DATE : ______________________________

    SEX : ______________________________

    MARITAL STATUS : ______________________________

22. List Grandchildren:

    ____

    ____

    ____

    LEGAL NAME : ______________________________

    BIRTH DATE : ______________________________

    SEX : ______________________________

    MARITAL STATUS : ______________________________

23. List all other relatives to be included or mentioned in Will:

    LEGAL NAME : ______________________________

    BIRTH DATE : ______________________________

    SEX : ______________________________

    RELATIONSHIP : ______________________________

    MARITAL STATUS : ______________________________

24. Are you, your spouse and children citizens of the India? YES ___ NO ___

25. Does your spouse or any child have any physical, mental or emotional disability? YES ___ NO ___

26. Are you and/or your spouse interested in having a "Health Care Power of Attorney" prepared, whereby you would appoint an agent to make decisions regarding medical

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

treatment on your behalf in the event you were unable to do so (i.e., comatose or otherwise incompetent or deemed incapable of making decisions on your behalf)?

YES ___ NO ___ UNDECIDED ___

27. Are you and/or your spouse interested in having a "General Power of Attorney" prepared, whereby you would appoint an agent to handle your property and affairs in the event you were to become incompetent or disabled?

YES ___ NO ___ UNDECIDED ___

LIST THE VALUE OF EACH ASSET IN THE COLUMN BELOW ACCORDING TO HOW TITLE TO SUCH ASSET IS HELD

Assets Husband Wife Joint

Cash and Cash Equivalent ________________

Checking Account ________________

Savings Account ________________

Certificates of Deposit ________________

Money Market Funds ________________

Marketable-Securities-list name of security and number of shares

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Name of Securities ________________ Number of Shares ________________

Bonds--list name and face amount of bond, due date, and interest rate

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Bond Name _______Face Value _______ Due Date __/__ /____ Interest rate _______

Personal Residence

Fair market value _______________

Less: mortgage balance _______________

Real Estate-list address and then

1. Fair market value _______________
2. Mortgage balance _______________

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Insurance-list owner, company, face amount, insured, type and beneficiary (see Schedule "A" attached)

Closely held business interest-

List name of company and estimated fair market value (see Schedule "B" attached)

Investments in Partnerships-

List name, original cost and fair market value

Collectibles - art, coins, stamps, etc. (list item and value)

Jewelry, Furs, Autos and other personal effects

Receivables-list name of debtor and balance due

Qualified Retirement Plans -

Interest in EPF : ______________________

Profit Sharing Plans : ______________________

Pension Plans : ______________________

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

(See Schedule "C" attached)

Liabilities - (other than mortgages on real estate)

Taxes :

Personal loss :

Accounts Payable :

Notes Payable :

List any Contingent Liabilities below:

INFORMATION FOR PROPOSED DOCUMENTS

Name and Address of Executor(s)

Name and Address of Successor Executor(s)

Name and Address of Trustee(s)

Name and Address of Successor Trustee(s)

If Children are under Age 18, Name and Address of Testamentary Guardian(s)

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Name and Address of Successor Testamentary Guardian(s)

____

____

____

____

Please list those persons upon whom you depend for business or financial advice in the following categories:

Accountant

Name: ____

Address: ____

Telephone:____

____

Estate Planner

Name: ____

Address: ____

Telephone:____

____

Insurance Advisor

Name: ____

Address: ____

Telephone:____

____

Wealth Manager

Name: ____

Address: ____

Telephone:____

____

Others, if any

Name: ____

Address: ____

Telephone: ____

____

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

SCHEDULE "A"
LIFE INSURANCE

Sl. No.	Insurance Company	Who is Insured?	Term of Policy	Sum Assured	Date of Commencement	Survival / Maturity Benefit
	Type of policy	Policy Owner	Premium Paying Term	Annual Premium	Date of Maturity	Cash Value / surrender value of the policy as on the date

SCHEDULE "B"
NATURE AND VALUE OF CLOSELY HELD BUSINESS INTERESTS

For each such interest, complete:

Type of Interest: __ Sole Owner __ Partnership __ C Corporation __ S Corporation

Percentage of Ownership: ____

Fair Market Value: ____

Description of Product or Service: ______________________________________

Is there a buy/sell agreement? ___Yes ___No

If yes, is it funded? ___Yes ___No

If yes, what type is it?

______ Redemption agreement (i.e., corporation to purchase stock of a disabled or deceased shareholder)

______ Cross-purchase agreement (i.e., remaining shareholders to purchase stock of a disabled or deceased shareholder)

______ Other (i.e., "hybrid" arrangement)

SCHEDULE "C"

QUALIFIED RETIREMENT PLANS

Please list all qualified retirement benefits below:

____

____

____

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™

Account Balance Beneficiary Death Benefit

PPF/EPF Account(s):

Profit Sharing Plan(s):

Pension Plan(s):

Copyright© 2020 All rights reserved. This book or any portion thereof shall not be reproduced or used in any manner whatsoever without the express written permission of the AAFM INDIA™